pursuant to the Order. In addition the Order blocks all property and interests in property subject to U.S. jurisdiction of persons determined by the Secretary of the Treasury, in consultation with the Attorney General and the Secretary of State, to be owned or controlled by, or to act for or on behalf of, persons designated in or pursuant to the Order (collectively ''Specially Designated Narcotics Traffickers'' or ''SDNTs'').

The Order further prohibits any transaction or dealing by a United States person or within the United States in property or interests in property of SDNTs, and any transaction that evades or avoids, has the purpose of evading or avoiding, or attempts to violate, the prohibitions contained in the Order.

Designations of foreign persons blocked pursuant to the Order are effective upon the date of determination by the Director of the Department of the Treasury's Office of Foreign Assets Control (OFAC) acting under authority delegated by the Secretary of the Treasury. Public notice of blocking is effective upon the date of filing with the *Federal Register,* or upon prior actual notice.

2. On October 24, 1995, the Department of the Treasury issued a notice containing 76 additional names of persons determined to meet the criteria set forth in Executive Order 12978 (60 *Fed. Reg.* 54582, October 24, 1995). Additional notices expanding and updating the list of SDNTs were published on November 29, 1995 (60 *Fed. Reg.* 61288), March 8, 1996 (61 *Fed. Reg.* 9523), and January 21, 1997 (62 *Fed. Reg.* 2903).

Effective February 28, 1997, OFAC issued the Narcotics Trafficking Sanctions Regulations (''NTSR'' or the ''Regulations''), 31 C.F.R. Part 536, to further implement my declaration of a national emergency and imposition of sanctions against significant foreign narcotics traffickers centered in Colombia (62 *Fed. Reg.* 9959, March 5, 1997).

On April 17, 1997 (62 *Fed. Reg.* 19500, April 22, 1997), July 30, 1997 (62 *Fed. Reg.* 41850, August 4, 1997), and September 9, 1997 (62 *Fed. Reg.* 48177, September 15, 1997), OFAC amended appendices A and B to 31 C.F.R. chapter V, revising information concerning individuals and entities who have been determined to play a significant role in international narcotics trafficking centered in Colombia or have been determined to be owned or controlled by, or to act for or on behalf of, or to be acting as fronts for the Cali cartel in Colombia. These actions are part of the ongoing interagency implementation of Executive Order 12978 of October 21, 1995. These changes to the previous SDNT list brought it to a total of 426 businesses and individuals with whom financial and business dealings are prohibited and whose assets are blocked under the Order.

3. OFAC has disseminated and routinely updated details of this program to the financial, securities, and international trade communities by both electronic and conventional media. In addition to bulletins to banking institutions via the Federal Reserve System and the Clearing House Interbank Payments System (CHIPS), individual notices were provided to all relevant State and Federal regulatory agencies, automated clearing houses, and State and independent banking associations across the country. OFAC contacted all major securities industry associations and regulators. It posted electronic notices on the Internet and over 10 computer bulletin boards and 2 fax-on-demand services, and provided the same material to the U.S. Embassy in Bogota for distribution to U.S. companies operating in Colombia.

4. As of March 25, 1998, OFAC had issued nine specific licenses pursuant to Executive Order 12978. These licenses were issued in accordance with established Treasury policy authorizing the completion of presanctions transactions and the provision of legal services to and payment of fees for representation of SDNTs in proceedings within the United States arising from the imposition of sanctions.

5. The narcotics trafficking sanctions have had a significant impact on the Cali drug cartel. Of the 133 business entities designated as SDNTs as of February 20, 1998, 41, or nearly a third, having a combined net worth estimated at more than $45 million and combined income of more than $200 million, had been determined to have gone into liquidation. As a result of OFAC designations, 3 Colombian banks have closed about 300 SDNT accounts of nearly 100 designated individuals. One of the largest SDNT commercial entities, a discount drugstore with an annual income exceeding $136 million, has been reduced to operating on a cash basis. These specific results augment the less quantifiable but significant impact of denying the designated individuals and entities of the cartel access to U.S. financial and commercial facilities.

Various enforcement actions carried over from prior reporting periods are continuing and new reports of violations are being aggressively pursued. Two criminal investigations are ongoing. Since my last report, OFAC has collected its first civil monetary penalty for violations of IEEPA and the Regulations under the program. OFAC collected $2,625 from a commercial agent for ocean-going oil tankers for violative funds transfers.

6. The expenses incurred by the Federal Government in the 6-month period from October 21, 1997, through April 20, 1998, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the national emergency with respect to Significant Narcotics Traffickers are estimated at approximately $620,000. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the U.S. Customs Service, and the Office of the General Counsel), the Department of Justice, and the Department of State. These data do not reflect certain costs of operations by the intelligence and law enforcement communities.

7. Executive Order 12978 provides my Administration with a tool for combatting the actions of significant foreign narcotics traffickers centered in Colombia and the unparalleled violence, corruption, and harm that they cause in the United States and abroad. The Order is designed to deny these traffickers the benefit of any assets subject to the jurisdiction of the United States and to prevent United States persons from engaging in any commercial dealings with them, their front companies, and their agents. Executive Order 12978 demonstrates the United States commitment to end the damage that such traffickers wreak upon society in the United States and abroad.

The magnitude and the dimension of the problem in Colombia—perhaps the most pivotal country of all in terms of the world's cocaine trade—are extremely grave. I shall continue to exercise the powers at my disposal to apply economic sanctions against significant foreign narcotics traffickers and their violent and corrupting activities as long as these measures are appropriate, and will continue to report periodically to the Congress on significant developments pursuant to 50 U.S.C. 1703(c).

WILLIAM J. CLINTON.

THE WHITE HOUSE, *April 24, 1998.*

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. FORD:

S. 1989. A bill to amend the Internal Revenue Code of 1986 to increase the standard deduction amount to reduce the marriage penalty, simplify the filing of individual tax returns, and provide tax relief for lower and middle income individuals, and for other purposes; to the Committee on Finance.

By Mrs. HUTCHISON (for herself and Mr. GRAMM):

S. 1990. A bill to authorize expansion of Fort Davis National Historic Site in Fort Davis, Texas; to the Committee on Energy and Natural Resources.

By Mr. JOHNSON:

S. 1991. A bill to require the Secretary of Transportation to issue regulations to provide for improvements in the conspicuity of rail cars of rail carriers; to the Committee on Commerce, Science, and Transportation.

By Mrs. HUTCHISON (for herself and Ms. COLLINS):

S. 1992. A bill to amend the Internal Revenue Code of 1986 to provide that the $500,000 exclusion of a gain on the sale of a principal residence shall apply to certain sales by a surviving spouse; to the Committee on Finance.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. SPECTER:

S. Res. 217. A resolution recognizing the Valley Forge Military Academy and College for establishing the ''General H. Norman Schwarzkopf Library''; to the Committee on Armed Services.

By Mr. LOTT (for himself and Mr. DASCHLE):

S. Res. 218. A resolution to authorize testimony, production of Senate documents, and representation by Senate Legal Counsel in civil case; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. FORD:

S. 1989. A bill to amend the Internal Revenue Code of 1986 to increase the standard deduction amount to reduce the marriage penalty, simplify the filing of individual tax returns, and provide tax relief for lower and middle income individuals, and for other purposes; to the Committee on Finance.

THE MARRIAGE PENALTY REDUCTION ACT

Mr. FORD. Mr. President, it is the time of the year when we are certain to hear more ideas for tax reform. We're certain to hear many colleagues discuss the unfairness of our current tax code. Although taxes in this country remain lower than major competitors like the United Kingdom, Japan, and Germany, many families feel their tax burden has been increasing.

One of the interesting reasons why some individuals feel squeezed is the changing nature of the tax burden over the last few decades. For example, individual income taxes—both as a percentage of all federal taxes paid and as a percentage of gross domestic product—are at roughly the same levels as they were in 1970. Yet during that same time period the so-called social insurance taxes or payroll taxes have risen dramatically, primarily to fund Social Security and Medicare. And the portion of revenues collected from corporate income taxes has fallen by an equally dramatic amount. For example, in 1960, we collected $1.89 in individual income taxes for every $1.00 in corporate income taxes. By 1980 this ratio has risen to $3.78 in individual income taxes for every $1.00 in corporate income taxes. And today we collect $4.02 in individual income taxes for every $1.00 in corporate income taxes. It is no wonder individuals feel squeezed.

As we begin to debate several tax reform proposals this year, perhaps none will receive as much attention as the so-called marriage penalty. The marriage penalty refers to the aspect of the tax code, which results in many married couples paying more in taxes than they would if both spouses remained single. Yet few will discuss—and I found this to be very interesting—that 51 percent of married couples actually receive a marriage ''bonus'', meaning they pay less in federal taxes as a result of being married.

Let me repeat that. Fifty-one percent of married couples—a majority of married couples—pay less in federal taxes than they would if both spouses remained single. Last June CBO found that 51 percent of married couples receive a marriage bonus averaging $1,300 per couple. If they were required to file as single individuals, federal revenues would be $32.9 billion greater each year.

CBO also found that 42 percent of married couples are subject to a marriage penalty, paying an average of $1,400 more per couple in taxes than if both were single, for a total of $28.8 billion per year in additional revenues. In other words, fully eliminating the marriage penalty costs $28.8 billion per year. However, if both marriage penalties and marriage bonuses were eliminated, there would actually be a net increase in federal revenues of $4.1 billion per year. Forty-two percent of married couples would receive a tax cut, but 51 percent of married couples would receive a tax increase.

There is no way to make a statement about income tax exciting. There is nothing you can talk about that brings you out on the edge of your seat. I am not going to try to do that. So I am going to put into the RECORD several examples of how couples, both making $20,000 a year and filing jointly or filing single, and then one breadwinner making $200,000 while his spouse stays home and cares for the children—how much less they would pay than the married couple making $40,000.

I think you can already see the trend is to try to take care of that lower income and not increase the bonus, as S. 1285 does.

CBO found numerous causes for these differentials in tax treatment. However, two major factors explain most of the reason why married couples are treated differently: (1) the standard deduction, and (2) the tax rate schedules. In each case, the cutoff for married couples is about two-thirds higher than for single individuals.

For example, in 1998, the standard deduction is $4,250 for singles and $7,100 for married joint filers—about 67% higher, but applying to two people instead of one. This has significant implications for married couples who do not itemize their deductions. For a couple where one spouse earns all the income, this means a deduction of $2,850 more than if both spouses were single, giving them a marriage bonus. However, for a couple where both spouses have significant income, the result is a deduction of $1,400 less than if both were single.

Similar results occur when comparing tax rates. In 1998 the 15% bracket extends to incomes of $25,350 for singles, and $42,350 for married joint filers—about 67% higher. Most one-income couples receive a marriage bonus because an additional $17,000 is taxed at the lower 15% level. However, many dual-income married couples will find that less of their income is taxed at the 15% level.

So it is far more complex than some have been led to believe. For instance, many married couples currently receiving a marriage bonus have the impression that all married couples are penalized. Many married couples are unaware that there is such a thing as a marriage bonus. But remember—51 percent of all married couples currently receive a marriage ''bonus'' and pay an average of $1,300 LESS in taxes than if they were single, according to CBO. They tried to eliminate the so-called marriage penalty. But they increased the marriage bonus we now have for over 50 percent of our filers. Therefore, I think that is a little bit unfair for a $200,000-a-year filer to receive an additional tax cut where we are just trying to make it even for those who make $40,000 or less.

I believe we should consider taking reasonable steps to address the marriage penalty. However, I strongly disagree with the approach taken in the leading Senate bill proposed on this topic—S. 1285. S. 1285 would allow married couples to file ''combined'' returns where income can be split 50–50, and each spouse taxed at single rates.

S. 1285 would add significantly to the complexity of the current Tax Code. Last year we went through all of this. ''We are going to reduce the Tax Code; we are going to make it simpler.'' We only added almost 900 pages to the Tax Code last year. We go out here and beat our chest and say, ''Oh, we have reformed the Tax Code. We have made it simpler, we have given some tax cuts with 900 additional pages.'' No wonder H&R Block and CPAs are doing business. We made it so complicated even the smartest minds do not want to fool with it.

S. 1285 would add significantly to the complexity of the current tax code, requiring many couples to calculate their taxes under both the traditional ''married filing jointly'' category and also under the new ''combined'' category. But even more troubling, it goes well beyond what is necessary to address the marriage penalty. The costs of the bill appear astronomical—somewhere in the neighborhood of $40 billion per year. For many couples who currently face a marriage penalty under S. 1285 their tax burdens would now be even lower than if they were both single. In other words, many couples currently facing a marriage penalty would find that S. 1285 would not only eliminated the penalty but create a new marriage bonus as well.

And beyond the impact on the marriage penalty, S. 1285 would have the effect of actually increasing the marriage bonus for many couples who already receive a marriage bonus. Let me provide an example.

Consider a young, affluent family of four. Spouse No. 1 makes $200,000 while spouse No. 2 stays at home to raise their two children. They have $30,000 in deductions. According to estimates supplied to me by Citizens for Tax Justice, this family currently receives a marriage ''bonus'' of $3,161, but under S. 1285 the marriage ''bonus'' would grow to $4,807.